(b) if so, the details thereof and the effective steps taken so far by Government in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) As per information received from the National Crime Record Bureau (NCRB) on recoveries/seizures made by banks and law enforcing agencies, circulation of fake currency notes have been noticed in all parts of the country including Bihar and North Eastern region. Fake Indian Currency Notes (FICN) are injected into circulation by local counterfeiters as well as by external agencies who smuggle fake currency notes into India through various routes. However, the quantity of FICN is miniscule as compared to the total volume of Indian bank notes in circulation. Hence the question of creating the possible danger of a parallel economy in the country does not arise.

(b) Government has taken a number of steps to stop infiltration and circulation of fake currency notes which include stepping up of a vigilance by Border Security Force/Custom Authorities, setting up of a special units in the Central Bureau of Investigation exclusively for counterfeit currency notes, incorporation of special security features in high denomination notes, extensive campaign by RBI through electronic and print media to publicise the feature of the genuine currency notes, regular imparting of training to Government Officers on identification of fake notes, provision of suitable equipments in banks for detecting of counterfeit notes.

Merger and Consolidation of Banks

3463. SHRI MATILAL SARKAR: Will the Minister of FINANCE be pleased to state:

(a) whether Government propose to initiate merger and consolidation of the Public Sector Banks;

(b) the details of different aspects of merger of Public Sector banks in relation to the public interests; and

(c) how Government propose to safeguard the present pattern of netwroks of banks spreading upto the village level and the flow of credit to the rural people?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) No, Sir. Government and Reserve

Bank of India will, however, consider specific proposals for consolidation from banks if any, as emanating from the management of the banks themselves.

(b) and (c) Before taking any decision on merger/consolidation of banks, Government/RBI will safe-guard the interests of the public, including the availability of banking services in the rural area. It is expected that mergers and consolidations will enhance the risk taking capacity of Banks enabling them to increase presence in rural areas.

Review of Borrowing Norms by Secondary Market Advisory Committee

3464. SHRIMATI N.P. DURGA:Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that SEBI has asked its Secondary Market Advisory Committee to review the existing norms for the borrowing and lending programme for securities;

(b) whether it is a fact that SEBI has stopped renewing the licenses given to entities which were allowed to provide the above facility earlier; and

(c) if so, the reasons behind this move?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Yes, Sir. The Securities and Exchange Board of India (SEBI) has informed that the Secondary Market Advisory Committee (SMAC) in its meeting held on November 24, 2004 reviewed the securities lending and borrowing scheme of SEBI. Based on the recommendations of the SMAC and with the approval of SEBI Board, it was specified vide circular dated March 4, 2005, *inter-alia,* that only clearing corporation/clearing house of the stock exchanges would be permitted to act as approved intermediaries under the scheme to borrow and lend securities for meeting the settlement shortages.

(b) and (c) Yes, Sir. In view of the aforesaid decision of the SEBI Board based on the recommendations of the SMAC, SEBI has not been renewing the licenses given to entitites other than clearing corporation/clearing house of the stock exchanges which were allowed to borrow and lend securities under SLS.